



# Explanation of Alternate Payee Annual Statement of Benefits

Wisconsin Retirement System (WRS) Account Information

**As of January 1, 2014**

*This Statement of Benefits contains information about your alternate payee account under the WRS. As the former spouse or domestic partner of a WRS participant, you were awarded a percentage of your former spouse's or domestic partner's WRS account through a Qualified Domestic Relations Order (QDRO). Your alternate payee account includes your share of his/her WRS account as of the decree date of the QDRO (including contributions, years of service and interest). Your alternate payee account will be credited with annual interest each December 31.*

## Keep This Explanation With Your Statement For Future Reference

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### Section 1— 2013 Earnings and Service

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This section does not apply to alternate payee accounts.

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### Section 2— Years of Creditable Service as of 1/1/2014

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This shows your former spouse's/domestic partner's years of creditable service that were transferred to your alternate payee account. This includes military service, if applicable. Service is broken down into three types: "Before 2000," "After 1999," and "After Act 10."

- Your former spouse/domestic partner may have service in one, two, or all three types, depending on when and how long he or she worked under the WRS.
- If the QDRO decree date was after 1999 and your former spouse/domestic partner was employed in a WRS-covered position before 2000 and after 1999, a higher formula multiplier is applied to the "Before-2000" years of service when calculating your formula retirement benefit.
- Only employees in the elected/executive category have "After Act 10" service. A lower formula multiplier is applied to that service.

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### Section 3— Employee-Required Contributions

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This section shows the cumulative employee-required contributions in your account.

- Annual interest is applied each December 31 to that year's beginning balance(s).
- Most people receive the effective rate of interest.
- Depending on your former spouse's/domestic partner's dates of employment and the date of the QDRO, you may receive a 5% fixed rate of interest. Your rate is shown on the enclosed statement.

Your "Investment in Contract" is shown at the bottom of this section. It is your share of the employee contributions actually paid by your former spouse/domestic partner from after-tax dollars. The non-taxable portion of your WRS benefits will be based on your Investment in Contract.

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### Section 4 — Additional Contributions

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This section shows the current balance of your share of any voluntary additional contributions your former spouse/domestic partner or his/her employer made to his/her WRS account before the decree date.

- Annual interest is applied each December 31 to that year's beginning balance(s).
- Additional contributions receive effective rate interest, even if the employee-required contributions receive 5% interest each year.

If your former spouse/domestic partner was approved for a Long-Term Disability Insurance (LTDI) benefit before the decree date, the LTDI supplemental contributions are included as Core employer additional funds. Your Core balance includes your share of the LTDI supplemental contributions as of the decree date.

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## **Section 5 — Primary Beneficiary Designation for WRS Required Account**

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A beneficiary designation controls who receives a death benefit if you die before you begin your retirement benefit.

- If you filed a beneficiary designation with the Department of Employee Trust Funds (ETF) on or after 1988, your primary beneficiary(ies) will normally appear in this section.
- Changes in your personal situation like marriage, divorce or termination of a domestic partnership do not change your beneficiary designation. You must file a new designation to change your beneficiary.
- If you never filed a beneficiary designation or if your beneficiary(ies) are all deceased, your death benefit will be distributed according to the standard sequence specified by Wisconsin law.
- You may change or add beneficiaries by completing the *Beneficiary Designation* form (ET-2320) or the *Beneficiary Designation-Alternate* form (ET-2321). These forms are available at [etf.wi.gov](http://etf.wi.gov) or by request from ETF.

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## **Section 6— Separation Benefit**

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A separation benefit is a payout of the employee-required contributions in your account, plus any additional contributions and interest. It does not include the employer required contributions made on your former spouse's/domestic partner's behalf. A separation benefit closes your WRS account. If you are vested and take a separation benefit, you forfeit all rights to a retirement benefit based on the employer contributions and WRS service in your account.

If you are the alternate payee of a former spouse, you may take a separation benefit under either of two circumstances:

- Your former spouse has not yet reached minimum retirement age (55, or age 50 if he/she had some protective category service on the decree date that was not purchased forfeited service).
- Your former spouse is not vested.

If you are the alternate payee of a former domestic partner, you may take a separation benefit under either of two circumstances:

- Your former domestic partner has not yet reached normal retirement age (65 for general employees and teachers; see [etf.wi.gov](http://etf.wi.gov) for other employee categories).
- Your former domestic partner is not vested.

An alternate payee can apply for a benefit even if the participant is still employed under the WRS. Once the participant reaches minimum retirement age (if you are a former spouse), or normal retirement age (if you are a former domestic partner), you are eligible for a retirement benefit based on both the employee and employer contributions if the participant is vested.

Some participants must meet one of two following vesting laws based on when they first began WRS employment. As an alternate payee, your vesting status depends on whether or not your former spouse/domestic partner is vested.

- Participants who first began WRS employment after 1989 and terminated employment before April 24, 1998, must have some WRS creditable service in five calendar years.
- Participants who first began WRS employment on or after July 1, 2011, must have five years of WRS creditable service.

If neither vesting law applies, participants were vested when they first began WRS employment. If the participant was not vested when the QDRO was issued, but later becomes vested, you also become vested.

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## **Section 7— Death Benefit**

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If you die prior to applying for a WRS benefit, the death benefit amount shown, plus any additional interest credited, is the amount payable to your beneficiary(ies).

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## **Section 8— Formula Benefit Data**

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This section shows the data ETF uses to calculate your formula retirement benefit:

- Your former spouse's/domestic partner's three highest annual WRS earnings. The years do not need to be consecutive nor the three most recent years.
- His/her final average monthly earnings (FAE). The FAE is calculated by adding the total earnings in the three highest years, dividing the total by the total service credited for those three years, then dividing the result by 12.
- Any Variable Fund excess/deficiency as of January 1, 2014.

A Variable excess/deficiency amount is shown if your former spouse/domestic partner participated in the Variable Fund before the QDRO decree date. This amount illustrates the value of your account compared to the value if your former spouse/domestic partner had never participated in the Variable Fund. A Variable excess will increase your benefit, while a Variable deficiency will decrease it.

As an alternate payee, you cannot enroll in the Variable Fund, but you can cancel participation in the Variable Fund. For more information, review our brochure *How Participation in the Variable Trust Fund Affects Your WRS Benefits* (ET-4930). You may also project updates to your Variable excess or deficiency balances using the WRS Variable Excess/Deficiency Update Calculator available at [etf.wi.gov](http://etf.wi.gov).

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### Section 9— Money Purchase Balance

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- Your monthly money purchase retirement benefit is calculated by multiplying your total money purchase balance (including interest) by the money purchase factor for your age on the benefit begin date.
- You must be vested to be eligible.
- A retirement benefit based on this balance is available only if your former spouse is age 55 (50 if he/she had some protective service on the decree date), or if your former domestic partner is normal retirement age.
- In 2014, this balance is only available as a lump sum retirement benefit if the monthly annuity amount is below \$371.

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### Section 10— Retirement Benefit Projections

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No projections are shown for alternate payee accounts.

You **must** be vested to be eligible for a retirement benefit. A retirement benefit is available only if your former spouse is age 55 (50 if he/she had some protective service on the decree date), or if your former domestic partner is normal retirement age.

Contact ETF to request a retirement benefit estimate six to 12 months before you plan to apply for a retirement benefit.

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### Additional Information for Vested Alternate Payees

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If you are vested, you may want to apply for your retirement benefit as soon as you are eligible, regardless of your employment status or income. If you die before you begin a retirement benefit, the death benefit will not include the matching employer contributions. Also, while delaying your retirement benefit may increase your monthly payment when it does begin, you should consider how long it will take to recover the monthly payments and any annual increases lost by waiting.

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### Required Minimum Distribution

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Federal law imposes tax penalties if you do not apply for your retirement benefit by a certain age.

- If you are a former spouse, you must apply for all benefits from your WRS account before December 31 of the year in which your former spouse reaches (or would have reached) age 69½.
- If you are a former domestic partner, you have two choices:
  1. You may begin a monthly annuity (if your account meets the annual monthly minimum) effective no later than November 1 of the calendar year after the calendar year of the original participant's death; or
  2. You may apply for a lump sum payment of your entire account balance by September of the fifth year following the original participant's death.

If ETF does not receive your application by the time it is required, ETF must begin your benefit the following year. To request benefit information, please complete the enclosed *Benefit Information Request* (ET-7301) and mail to the address indicated on the form.

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### Name and Address Change

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Notify ETF of all name and address changes. This will ensure that you receive annual statements and other information from ETF. Failure to notify ETF may result in forfeiture of your WRS account. Please complete *Name/Address Change Form* (ET-2815), and return to ETF at the address indicated on the form.

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### Former Domestic Partners

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We encourage former domestic partners to read ETF's *Domestic Partner Benefits* brochure (ET-2166).

## WRS RETIREMENT PLAN STRUCTURE

- The WRS retirement plan is a qualified pension plan that satisfies requirements of the Internal Revenue Code (IRC).
- The WRS retirement plan is subject to Section 401(a). It is not a 401(k) plan.
- The WRS retirement plan is a defined benefit plan with a variable investment option.
- Interest is only credited to your account each December 31. No interest is credited on a daily, monthly or quarterly basis, except that prorated interest may be credited for a partial year when WRS benefits are paid.
- You **cannot** take a loan against your account.



## Contacting the Department of Employee Trust Funds

### Visit Our Internet Site

Access ETF's Internet site at [etf.wi.gov](http://etf.wi.gov) for more information on WRS benefit programs. You may also send an e-mail to ETF through this site.

### **Online Calculator:**

To project your potential retirement benefits, follow the instructions to use ETF's retirement benefit calculator at [etf.wi.gov](http://etf.wi.gov). ETF encourages members to use this valuable tool for retirement planning. This calculator uses only the information that you enter; it is not connected to your WRS account. There is no risk of anyone accessing your confidential data through this calculator.

### **Online Statement of Benefits Video Explanation:**

ETF's online video presentation explains the information provided on your annual *Statement of Benefits*. Go to [etf.wi.gov/webcasts.htm](http://etf.wi.gov/webcasts.htm), then click on "Participants" to find the *Annual Statement of Benefits* video. We recommend that you have your *Statement of Benefits* in hand when viewing the video.

### Write Us

Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931

### Call During Office Hours

**Office Hours:** 7:00 am to 5:00 p.m., Monday through Friday (except holidays)

**Telephone:** 1-877-533-5020 (toll free)  
(608) 266-3285 (local Madison)

Wisconsin Relay Service (for hearing & speech impaired)  
7-1-1 or  
1-800-947-3529 (English)  
1-800-833-7813 (Español)

### Appointments

Group appointments are held regularly in your area. For an appointment in your area, visit [http://etf.wi.gov/members/presentation\\_map.html](http://etf.wi.gov/members/presentation_map.html). Schedule an individual appointment in Madison by calling: 1-877-533-5020 (toll free) or (608) 266-3285 (local Madison).